Annual Report Summary and Highlights

Continued participation in the Maryland 529 plans in fiscal year 2017

Since our inception in 1998 with the launch of the Maryland Prepaid College Trust, our goal has been to help make college more affordable for Maryland families. We have made many significant strides toward that goal through our two college savings programs, the Maryland College Investment Plan and the Prepaid College Trust. We are excited about the growth of the programs over the last year and the recent launch of the Maryland Achieving a Better Life Experience (ABLE) program that helps individuals with disabilities save to meet qualifying disability expenses.

Families across Maryland continued to entrust their college savings with Maryland 529's two college savings plans. At the close of the fiscal year, accounts were held on behalf of approximately 215,000 beneficiaries across the two plans and assets totaled over $6.2 billion.

The Prepaid College Trust remains sound and was fully funded at fiscal year-end. The driving forces were strong investment results and lower than anticipated tuition increases. The Prepaid College Trust grew its investments by 12.3%, reaching over $1 billion. One advantage of having an actuarial surplus is that it can help to reduce the impact of future events that could detract from the Trust's soundness such as lower than expected investment earnings, higher than expected tuition increases, or both. With accounts held on behalf of 32,306 beneficiaries as of October 11, 2017 it is reassuring to know that the Prepaid Trust is in such strong fiscal health.

Investments in the Maryland College Investment Plan reached approximately $5.2 billion as of June 30, 2017. In addition, the College Investment Plan had a net gain of 13,000 beneficiaries and reached a total of 182,617 beneficiaries at fiscal year-end. With more than $520.9 million in contributions from account holders and mixed investment markets during the fiscal year, the average account balance was $28,407 as of June 30, 2017.

A college education is now the second-largest expense an individual is likely to make in a lifetime — right after purchasing a home. And the cost of college is becoming harder to manage. The percentage of borrowers who owe $50,000 or more has tripled over 10 years, according to a report by the Consumer Financial Protection Bureau. Maryland families will need to continue to save what they can afford, in order to be able to send their children and grandchildren to college without incurring burdensome levels of debt. Maryland 529 is here to help our families reach this goal.

Thank you for making college savings a priority for your family and participating with Maryland 529. Every dollar you save results in achieving your student's higher education goals with a lower amount of student debt.

Sincerely,

The Board
Maryland 529

Read the 2017 Annual Report by visiting Maryland529.com

2017 Snapshot

Prepaid College Trust

Contributions from Account Holders	$50 million
Investments	$1.0 billion
Beneficiaries	32,306
Funded Status	149%

College Investment Plan

Contributions from Account Holders	$520.9 million
Investments	$5.2 billion
Beneficiaries	182,617
Average Account Size	$28,407

Larry Hogan, *Governor*
Boyd Rutherford, *Lt. Governor*

Maryland 529 Board

**Ms. Sobczak left the Maryland 529 Board in the Fall of 2017. Mr. Tsirigotis joined the Board in December 2017.*

Total assets in both Plans

Exceeded $6.2 billion for 214,923 beneficiaries

Participants in the Prepaid College Trust (Trust) and the College Investment Plan (Plan) contributed over $570.9 million over the past fiscal year. Over 214,000 beneficiaries had active, funded accounts in at least one plan as of June 30, 2017.

Highlights by Plan include:

Maryland Prepaid College Trust

The funded status in the Prepaid College Trust reached 149% as of June 30, 2017, and the actuarial surplus was $382.4 million. The Trust's funded status continues to benefit from the lower-than-expected projected tuition growth at Maryland's public colleges, and further benefited from a strong investment performance. While the trends benefited the soundness of the Trust, the Board is not relying on such positive conditions to persist.

As part of the yearly evaluation of the investment strategy, the Board did not revise any assumptions used in the calculations. The Board continues to anticipate an annual return of 6.3% when reviewing the long-term trends of the financial markets and the asset allocation mix of the portfolio.

Total Beneficiaries: Approximately 1,478 new beneficiaries entered the Trust in fiscal year 2017, bringing the total number of beneficiaries to 32,306.

Maryland College Investment Plan

Investment Return vs. Benchmark: For the 12-month period ended June 30, 2017, the Maryland College Investment Plan generated solid results. Over the past year, 10 investment portfolios that consist of actively managed T. Rowe Price mutual funds outperformed their respective benchmarks, while three underperformed their respective benchmarks. Not included in the year's performance results is the Global Equity Market Index Portfolio, which invests in passively managed index funds and lagged its weighted benchmark. Much of the past year's strong performance resulted from favorable stock selection in U.S. large-cap stocks and other underlying portfolios. Tactical decisions to overweight and underweight various asset classes also contributed to relative returns. Longer-term performance in all the portfolios remained solid. Of the 13 actively managed portfolios since inception, nine performed in line with their respective benchmarks and four outperformed. The Global Equity Market Index Portfolio was the sole underperformer since inception. We encourage account holders to periodically review the performance of their investments on our website. Returns are updated each day after the close of trading on the New York Stock Exchange.

The Maryland College Investment Plan was one of 10 plans to receive a "Silver" rating by Morningstar, Inc., in 2017, the seventh year in a row that the College Investment Plan has received a high rating from Morningstar. Plans with a Silver rating are among the best-in-class options and follow many of the industry's best practices, according to Morningstar analysts.[1]

Future Direction

As we look to the future, it is important for families to remain focused on their college savings goals. The drain that student loan debt places on students, their families, and our economy has grown to be significant.

Undergraduate and graduate students received approximately $240.9 billion in financial aid during the 2015–2016 academic year (the most recent data available), and financial aid remains an important source of funding for many families. On average, each undergraduate full-time-equivalent student received $14,460, and each graduate student received $27,740. Consistent with past years, only a portion of average financial aid came in the form of grants—$8,390 and $9,300 for undergraduate and graduate students, respectively.

The rest was composed of loans, tax breaks, and the Federal Work-Study Program. College loans remain a sizable burden on many college graduates.

However, a college education continues to be important in today's competitive marketplace. That's why it is very important for families to have a plan for how they will pay for college.

Starting early and preparing in advance for college costs can have the biggest impact. In fact, an analysis by Maryland College Investment Plan program manager T. Rowe Price shows an example of how saving compared with borrowing can cut the cost of college in half.

Statistical information is from the College Board's "Trends in Student Aid 2016" for the 2016–2017 academic year and Sentier Research.

Financial Highlights — Maryland Prepaid College Trust

Changes in Net Position

The Prepaid College Trust allows families to lock in payments that are based in part on current tuition and mandatory fees at Maryland's public colleges. The Board pools and invests those payments and commits to pay future tuition benefits when eligible students attend college, whether they attend a Maryland public college or nearly any other public or private college in the country.

Contributions from new and existing account holders exceeded $50 million for the fiscal year. Nearly $65 million was paid in tuition benefits for 4,244 beneficiaries.

For the fiscal year ended June 30, 2017, the net position of the Trust increased by $110.0 million. The largest contributing factor to the increased overall position was the investment performance of the portfolio. The Trust's assets generated a 12.3% return on investment which was higher than the 6.3% projected rate of return.

Condensed Statements of Net Position as of June 30
(in millions)

	2017	2016
Assets		
Current	$1,072.2	$ 986.7
Noncurrent	107.9	116.2
Deferred outflows related to pension	.5	.3
Total	1,180.6	1,103.2
Liabilities		
Current	81.0	83.6
Noncurrent	717.1	747.0
Deferred inflows related to pension	-	-
Total	798.1	830.6
Net Position	$ 382.5	$ 272.5

Maryland Prepaid College Trust

Investment Earnings and Tuition Increases

Net Investment Gains

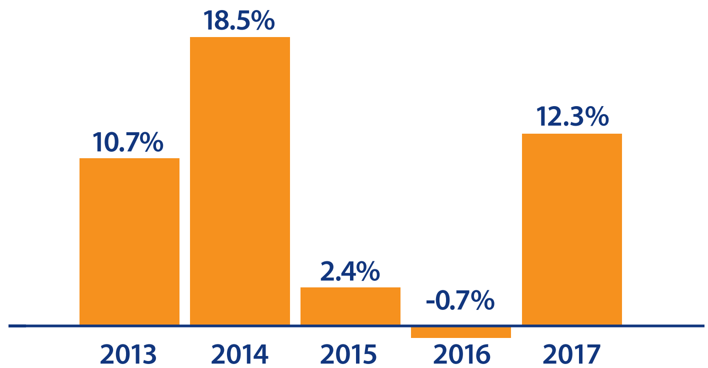
During the fiscal year ended June 30, 2017, the Trust continued to invest contract payments received into its increasingly diversified investment portfolio. The investment balances as of June 30, 2017, and June 30, 2016, are shown below:

Insert Investments (in thousands)

	2017	2016
Intermediate Duration Fixed Income	$ 149,228	$ 155,468
Senior Secured Loans	49,261	-
High Yield Fixed Income	50,338	56,152
Emerging Market Debt	68,066	80,920
S&P 500 Core	65,041	175,476
Domestic Large Cap Value	52,846	69,177
Domestic Mid Cap Core	52,866	-
Domestic Small Cap Core	45,363	69,495
Low Volatility US Equity	50,554	-
International Equity	52,846	36,378
Developed Markets Equity-Large Cap	112,353	64,319
Developed Markets Equity-Small Cap Core	56,670	-
Emerging Markets Equity	57,348	24,461
Private Real Estate	134,158	51,032
Private Equity	22,791	17,015
Domestic Large Cap Growth	-	21
Global Real Estate	-	39,272
Commodities	-	28,912
Total Investments	**$1,019,729**	**$868,098**

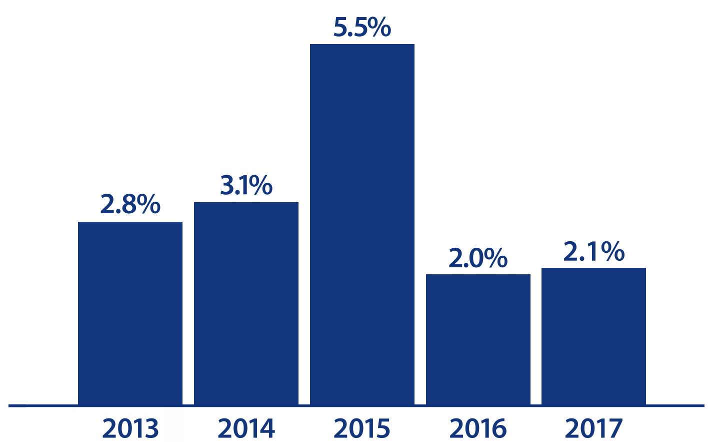
Investment Returns

The Trust's investments were strong, with a 12.3% return on investment for the fiscal year. The chart below shows the rate of return on the Trust's investments for the past five fiscal years:



Tuition Increases

The weighted average tuition at Maryland's public four-year colleges rose by 2.1% for the 2016–2017 academic year, compared with the projected tuition increase of 6% and a mandatory fee increase of 8%. Weighted average tuition increases for the past five fiscal years are shown in the chart below:



Help your family and friends learn about our Plans and saving for college by telling them about our website—Maryland529.com

Maryland Prepaid College Trust

Actuarial Status and Tuition Benefit Payment

The Prepaid College Trust is in Good Standing

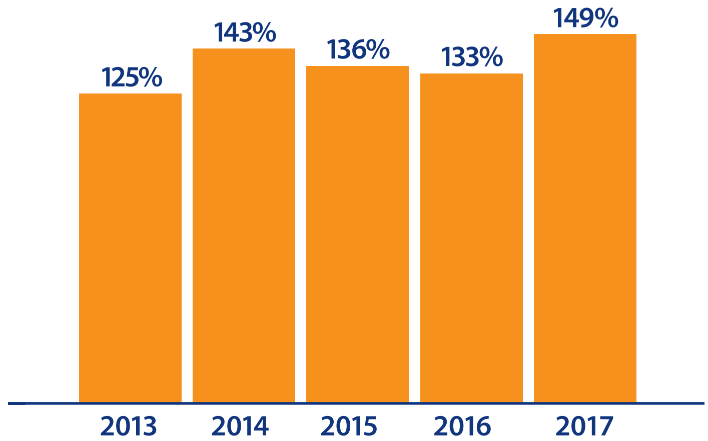
Each year, an actuarial valuation of the Prepaid College Trust is conducted. The purpose of this valuation and resulting Soundness Report is to compare the future value of the Trust's assets with its future liabilities, which are discounted to reflect their present value.

As of June 30, 2017, the Trust was 149% funded, with an actuarial surplus of $382.4 million. This is an increase from last year based on strong investment markets and lower than anticipated tuition increases.

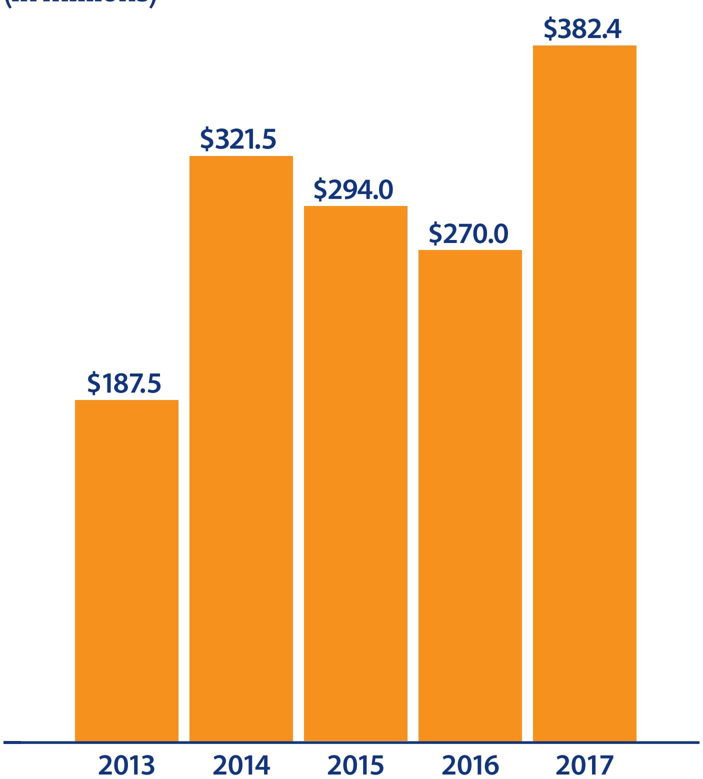
As part of the yearly evaluation of the investment strategy of the Trust, the Board elected to not revise future assumptions used in the calculations.

The key measures of soundness for the past five fiscal years are included in the following chart:

Funded Ratio



Actuarial Surplus (in millions)

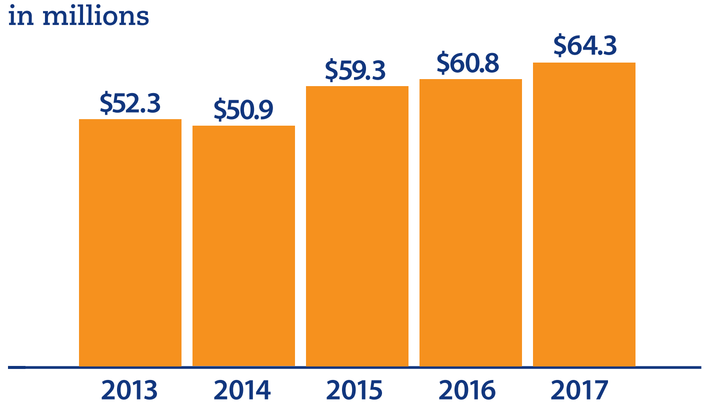


Students Use Tuition Benefits at College Nationwide

As of September 19, 2017, 4,244 students claimed their benefits for the fall 2017 semester. Approximately 64% of these students are attending Maryland public colleges, while 36% are attending a wide variety of private and out-of-state colleges across the country. The number of students attending Maryland public colleges this year increased by 13%.

Total tuition benefits paid during the past five fiscal years are as follows:

in millions



Financial Highlights—Maryland College Investment Plan

The Maryland College Investment Plan is managed and distributed by T. Rowe Price and offers families the opportunity to choose from a variety of investment options ranging from conservative to aggressive with no commissions, loads, sales charges, enrollment fees or annual account fee. Account holders choose how much they wish to invest, starting with as little as $25 per month with automatic monthly contributions.

Changes in Net Position

There was an increase in net position of $724 million for the Plan for fiscal year 2017. Net additions to net position resulted from 26,297 new accounts, $520.9 million in account holder contributions to portfolios, and $520.7 million in net investment income. Net deductions from the Plan's net position include $294.4 million in distributions to account holders and $22.4 million in rollovers to other 529 plans.

Market Commentary

Market performance has a direct effect on the overall performance of investments in the Maryland College Investment Plan and Maryland Prepaid College Trust. *The following is designed to provide a summary of market performance for the period ended June 30, 2017.**

U.S. Stocks Surge as Economy Picks Up; Corporate Earnings Rebound: Steady economic growth and a rebound in corporate profits lifted stock markets worldwide in the fiscal year ending June 30, 2017. U.S. stocks were range-bound early in the period amid caution before November's presidential election and uncertainty about the timing of the Federal Reserve's interest rate hikes. After the election, U.S. stocks soared as investors pinned their hopes on tax cuts and deregulation. A long-awaited corporate earnings recovery fueled the rally. Overall, profits for the S&P 500 Index rose at their fastest year-over-year pace in several years in the first quarter of 2017—a welcome change after five quarters of earnings declines that began in mid-2015. The S&P 500 Index rose to record levels through June, joining many global stock benchmarks that reached all-time highs.

U.S. small-cap stocks outperformed their larger peers. Growth stocks outpaced value stocks among large-and mid-cap stocks, while small-cap growth and small-cap value stocks fared roughly the same, according to various Russell indexes. Nine of 11 sectors in the S&P 500 Index advanced while two fell. Financials gained the most, driven by rising interest rates, hopes for deregulation, and favorable results of the Fed's annual "stress test" for banks. Information technology was the next-best performer due to outsized gains in a few technology and Internet stocks. Conversely, telecommunication services retreated as wireless operators grappled with weak subscriber growth and growing competition. The energy sector declined as crude oil prices sank in the first half of 2017 amid a persistent global oversupply of oil.

Signs of steady economic growth outside the U.S. offset mounting concerns about the administration's ability to deliver on its agenda. Evidence of a sustained recovery grew more plentiful in Europe and Japan, helped by ultralow interest rates and other accommodative measures implemented by central banks in both markets. Emerging markets stocks outperformed developed markets stocks as the global recovery translated into increased trade, benefiting export-driven economies across the developing world. All major emerging regions advanced, led by Asia, as strong growth in China drove economic activity in the region.

U.S. Investment-Grade Bonds Retreat, But High Yield Shines: U.S. investment-grade bonds slightly declined over the fiscal year. In the second half of 2016, yields on longer-term Treasuries rose and prices fell as economic data improved and the Fed signaled that it was drawing closer to raising interest rates for the first time since December 2015. (Bond prices and yields move in opposite directions.) Yields spiked after the election on anticipation of pro-growth policies and an interest rate increase in December. This year, however, longer-term Treasury yields reversed course as inflation stayed tame and investors surmised that a new administration's fiscal agenda would take longer than expected to materialize. Following the Fed's rate hike in December 2016, the central bank raised interest rates in March and June and signaled one more hike in 2017. It also announced plans to start gradually reducing its $4.5 trillion balance sheet consisting of Treasuries and mortgage-backed securities later this year.

In the investment-grade universe, long-term corporate bonds performed the best as credit spreads—the yield difference between Treasuries and bonds with some credit risk—narrowed as the earnings recovery supported corporate fundamentals. On the other hand, long-term Treasuries declined.

High yield bonds widely outpaced their investment-grade peers. High yield bonds rallied as they benefited from commodity prices stabilizing well above their lows in early 2016, a subdued default outlook, and strong demand in an environment of low-yielding securities globally.

Bonds in developed non-U.S. markets declined in dollar terms as government bond yields in the UK and the eurozone rose over the past year. In the UK, government bond yields rebounded from their post-Brexit lows and after some Bank of England policymakers signaled in June that they were leaning toward increasing rates. In the eurozone, government bond yields surged from very low levels as speculation grew that the improving economy would lead the European Central Bank to start unwinding its years-long stimulus program. Currency weakness in the fiscal year's first half also hurt dollar-based returns. The British pound and Japanese yen each fell sharply against the dollar over the last 12 months, though most global currencies have appreciated against the dollar in 2017.

Dollar-denominated emerging markets bonds rose modestly in dollar terms, overcoming a postelection sell-off last November. Stable global growth, higher commodity prices, and relatively higher interest rates in most developing countries helped support the asset class.

* This discussion is provided by T. Rowe Price and is not a comprehensive discussion of all stock market performance. It is also not intended to be a comprehensive discussion of risks associated with the Maryland College Investment Plan and Maryland Prepaid College Trust. For a more detailed discussion of these risks, see the current Enrollment Kit.

Investment Earnings by Portfolio

The investment earnings for each portfolio are listed below. Please read the 2017 Annual Report for explanations of performance versus the benchmark for each individual portfolio.

Performance Comparison as of June 30, 2017

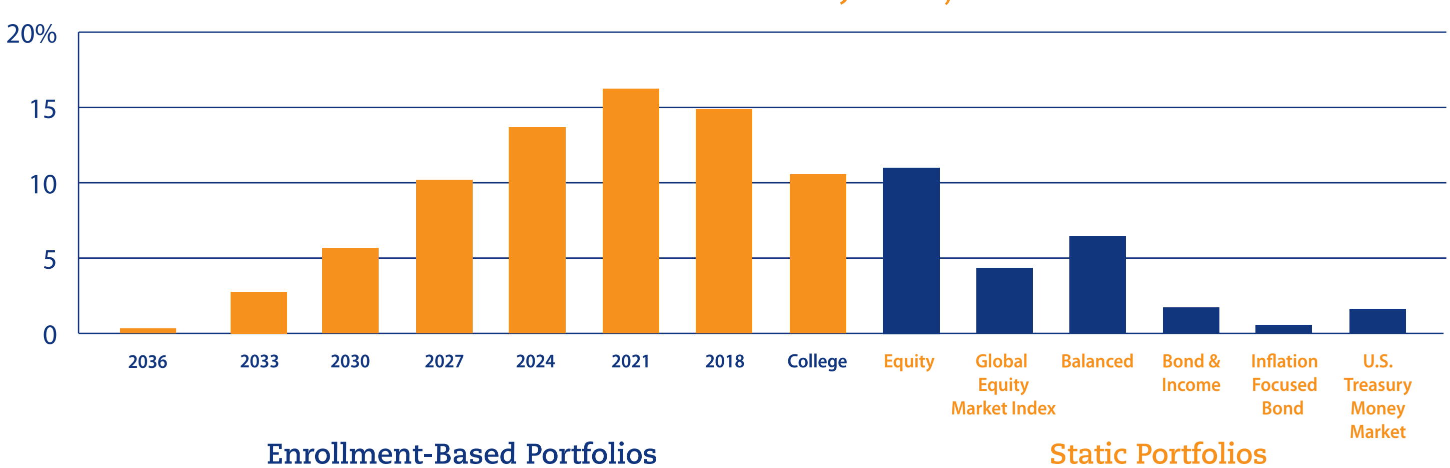
Portfolio	1-Year Return	Weighted Benchmark*	Annualized Since Portfolio Inception Return	Weighted Benchmark*	Inception Date
Portfolio 2036	19.58	18.86	12.04%	12.16%	11/30/15
Portfolio 2033	19.57	18.86	11.97	11.94	12/31/12
Portfolio 2030	18.26	17.25	11.07	11.01	12/31/09
Portfolio 2027	16.01	14.23	6.81	6.51	6/30/06
Portfolio 2024	13.72	11.12	7.25	6.97	10/31/03
Portfolio 2021	10.65	7.82	5.91	5.83	11/26/01
Portfolio 2018	5.63	4.74	5.44	5.40	11/26/01
Portfolio for College	3.41	3.59	3.17	3.25	11/26/01
Equity Portfolio	19.54	18.86	6.85	6.90	11/26/01
Global Equity Market Index Portfolio	19.16	19.56	7.38	7.74	6/30/06
Balanced Portfolio	12.17	11.52	6.59	6.27	11/26/01
Bond & Income Portfolio	5.05	-0.31	5.84	4.58	11/26/01
Inflation Focused Bond Portfolio	-0.46	0.22	1.94	2.12	10/31/03
U.S. Treasury Money Market Portfolio	0.08	0.46	0.01	0.13	12/31/09

*Benchmark performance commenced on November 30, 2001, for the portfolios with an inception date of November 26, 2001. Benchmark performance for all other portfolios commenced on the same date as the portfolio's inception date.

Asset Distribution by Portfolio

The relative distribution of assets invested by portfolio (rounded to the nearest 10th of a percent) for the fiscal year ended June 30, 2017, appears below. Assets in enrollment-based portfolios composed approximately 74.3% of total Plan assets, relatively flat from the end of fiscal 2016. The Portfolio for College declined by 3.7% during the fiscal year, primarily due to withdrawals for beneficiaries who have reached college age. Excluding the Portfolio 2018, which declined 1.5%, all remaining enrollment-based portfolios increased between 0.3% and 1.1% during the fiscal year. Among the static portfolios, the Equity Portfolio grew 0.2%. The Global Equity Market Index Portfolio and the U.S. Treasury Money Market Portfolio grew 0.4% and 0.1%, respectively. The Bond & Income Portfolio declined 0.1%, the Balanced Portfolio declined 0.2%, and the Inflation Focused Bond Portfolio declined 0.1%.

Total Net Assets as of June 30, 2017



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[1]Morningstar analysts reviewed 62 plans for its 2017 ratings (10/24/17) of which 10 plans received a "Silver" rating. To determine a plan's rating, Morningstar's analysts considered five factors: the plan's strategy and investment process; the plan's risk-adjusted performance; an assessment of the individuals managing the plan's investment options; the stewardship practices of the plan's administration and parent firm; and whether the plan's investment options are a good value proposition compared to its peers. Plans were then assigned forward-looking ratings of "Gold," "Silver," "Bronze," "Neutral," and "Negative." Each year, certain of the industry's smallest plans are not rated.

Analyst Ratings are subjective in nature and should not be used as the sole basis for investment decisions. Analyst Ratings are based on Morningstar analysts' current expectations about future events and therefore involve unknown risks and uncertainties that may cause Morningstar's expectations not to occur or to differ significantly from what was expected. Morningstar does not represent its Analyst Ratings to be guarantees.

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Annual Report Summary and Highlights
for Account Holders

For the Fiscal Year Ended June 30, 2017